



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
DEPARTMENT OF CONSUMER AFFAIRS
YEAR ENDED JUNE 30, 1978

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

702

FINANCIAL AUDIT REPORT
DEPARTMENT OF CONSUMER AFFAIRS
YEAR ENDED JUNE 30, 1978

JANUARY 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

Office of the Auditor General

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February 6, 1980

702

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Department of Consumer Affairs, year ended June 30, 1978.

The auditors are Curt Davis, Audit Manager; Michael C. Dendorfer, CPA; Romero Zamora; Patricia Nishi; Benjamin Wald; and Ann Reicherter.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "S. Floyd Mori".

S. FLOYD MORI
Assemblyman, 15th District
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Department of Consumer Affairs. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The Consumer Affairs Act of 1970 established the Department of Consumer Affairs to succeed the Department of Professional and Vocational Standards, which had been operating since 1929. The primary purpose of the Department of Consumer Affairs is to protect and represent California consumers.

The Department of Consumer Affairs is organized within the State and Consumer Services Agency and is comprised of 23 boards, five bureaus, and one commission. The Director of Consumer Affairs oversees the five bureaus and has administrative responsibility for the boards and commissions which have independent policy-making authority. Each board, bureau, and commission regulates a professional or occupational group. (Hereafter, the boards, bureaus, and commission are referred to collectively as boards.)

Because the department is designated as the consumer advocate in state government, by the Consumer Affairs Act, its responsibilities transcend the regulation and licensing of professional or occupational groups. The department manages these responsibilities and carries out the purposes of the act through four centralized divisions--Administration, Investigation, Consumer Services, and Building Maintenance and Operations.

The Department of Consumer Affairs' programs are supported primarily by fees received from the licensing and registration of professional and occupational groups, appropriations from the State's General Fund, and income from investment of surplus money.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

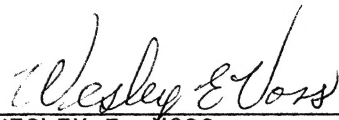
We have examined the general purpose financial statements of the various funds and account groups of the Department of Consumer Affairs for the year ended June 30, 1978 listed in the foregoing Table of Contents. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements listed in the aforementioned Table of Contents present fairly the financial position of the various funds and account groups of the Department of Consumer Affairs at June 30, 1978 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information and the columns on the accompanying financial statements captioned "Total Memorandum Only" for June 30, 1978 are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the general purpose financial statements listed in the foregoing Table of Contents and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The columns on the accompanying financial statements for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

In connection with our examination, we also (1) made a study and evaluation of the Department of Consumer Affairs' system of internal accounting control and (2) performed tests of compliance with the Revenue Sharing and Antirecession Fiscal Assistance Acts and regulations as required by Sections II.C.3 and III.C.3 of the Audit Guide and Standards for Revenue Sharing and Antirecession Fiscal Assistance Fund Recipients issued by the Office of Revenue Sharing, U. S. Department of the Treasury. Based upon the above procedures, we noted no instance of noncompliance with the regulations.


WESLEY E. NOSS
Assistant Auditor General

Date: April 13, 1979

Staff: Curt Davis, CPA
Michael C. Dendorfer, CPA
Romero Zamora
Patricia Nishi
Benjamin Wald
Ann Reicherter

DEPARTMENT OF CONSUMER AFFAIRS
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1978
(With Unaudited Amounts for 1977)

ASSETS	Governmental Fund Types		Proprietary Fund Type Internal Service	Fiduciary Fund Type Agency	Account Group General Fixed Assets	Totals (Memorandum Only)	
	General	Special Revenue				June 30, 1978	June 30, 1977
Cash	\$ 5,319	\$ 1,915,466	\$ 159,915	\$ 181,112	\$ --	\$ 2,261,812	\$ 3,944,761
Securities and Other Properties Held in Trust	--	--	--	17,550,138	--	17,550,138	17,956,795
Deposits in Surplus Money Investment Fund	--	34,302,250	333,000	--	--	34,635,250	25,481,250
Receivables	50	1,025,190	527,435	--	--	1,552,675	1,434,265
Allowance for Deferred Receivables	(50)	(239,072)	(11,035)	--	--	(250,157)	(189,440)
Due from Surplus Money Investment Fund	--	1,085,718	33,468	--	--	1,119,186	657,609
Due from Other Funds	21,025	524,287	842,293	--	--	1,387,605	2,353,928
Expense Advances to Employees	2,617	69,079	32,090	--	--	103,786	39,206
Advances to the Architecture Revolving Fund	--	--	1,216,512	--	--	1,216,512	934,585
Equipment	--	--	598,572	--	1,547,705	2,146,277	1,777,138
Improvements	--	--	2,427,034	--	--	2,427,034	2,381,035
Land	--	--	288,467	--	--	288,467	312,937
Total Assets	\$ 28,961	\$ 38,682,918	\$ 6,447,751	\$ 17,731,250	\$ 1,547,705	\$ 64,438,585	\$ 57,084,069

LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY

Liabilities:							
Accounts Payable	\$ 41,348	\$ 2,136,676	\$ 838,613	\$ --	\$ --	\$ 3,016,637	\$ 2,536,167
Due to Other Funds	1,294	1,420,292	689,382	--	--	2,110,968	2,337,155
Revenue Collected in Advance	--	1,018,646	--	--	--	1,018,646	8,181,863
Reimbursements Received in Advance	--	--	11,459	--	--	11,459	70,000
Due to Depositors and Others	--	--	--	17,731,250	--	17,731,250	18,106,225
Uncleared Collections	10	13,710	4,958	--	--	18,678	30,864
Total Liabilities	42,652	4,589,324	1,544,412	17,731,250	--	23,907,638	31,262,274
Encumbrances Outstanding	6,554	492,424	--	--	--	498,978	370,343
Fund Equity:							
Investment in General Fixed Assets	--	--	3,314,073	--	1,547,705	4,861,778	4,471,110
Retained Earnings:							
Unreserved	--	--	372,754	--	--	372,754	459,293
Reserved for Construction	--	--	1,216,512	--	--	1,216,512	934,589
Fund Balance:							
Undesignated	--	33,601,170	--	--	--	33,601,170	19,592,388
Operating Clearing	(20,245)	--	--	--	--	(20,245)	(5,928)
Total Fund Equity	(20,245)	33,601,170	4,903,339	--	1,547,705	40,031,969	25,451,452
Total Liabilities, Encumbrances Outstanding, and Fund Equity	\$ 28,961	\$ 38,682,918	\$ 6,447,751	\$ 17,731,250	\$ 1,547,705	\$ 64,438,585	\$ 57,084,069

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND OPERATING CLEARING
GOVERNMENTAL FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	General	Special Revenue	Total (Memorandum Only) June 30, 1978	June 30, 1977
Revenues:				
Fees, Licenses, and Permits	\$ 316,945	\$46,446,469	\$46,763,414	\$25,433,459
Income from Surplus Money				
Investment Fund	--	1,924,791	1,924,791	1,368,291
Miscellaneous Revenues	<u>2,209</u>	<u>195,278</u>	<u>197,487</u>	<u>153,925</u>
Total Revenues	319,154	48,566,538	48,885,692	26,955,675
Other Financing Sources:				
Support Appropriations	376,844	--	376,844	354,677
Reimbursements	--	3,231,346	3,231,346	2,602,684
Prior Year Adjustments	<u>--</u>	<u>305,902</u>	<u>305,902</u>	<u>2,275</u>
Total Sources	<u>695,998</u>	<u>52,103,786</u>	<u>52,799,784</u>	<u>29,915,311</u>
Expenditures:				
Current:				
Personal Services	240,802	17,260,320	17,501,122	14,799,723
Operating Expenses and Equipment	147,653	19,684,795	19,832,448	17,846,689
Board of Control Claims	--	231	231	999
Prior Year Adjustments	<u>2,966</u>	<u>1,149,658</u>	<u>1,152,624</u>	<u>(566,962)</u>
Total Expenditures	<u>391,421</u>	<u>38,095,004</u>	<u>38,486,425</u>	<u>32,080,449</u>
Excess of Sources over (under) Expenditures	<u>304,577</u>	<u>14,008,782</u>	<u>14,313,359</u>	<u>(2,165,138)</u>
Other Financing Uses:				
Transfer of Accountability to the State Controller	<u>(318,894)</u>	<u>--</u>	<u>(318,894)</u>	<u>(376,784)</u>
Excess of Sources over (under) Expenditures and Other Uses	<u>(14,317)</u>	<u>14,008,782</u>	<u>13,994,465</u>	<u>(2,541,922)</u>
Fund Balance - July 1	--	19,592,388	19,592,388	22,106,447
Operating Clearing - July 1	<u>(5,928)</u>	<u>--</u>	<u>(5,928)</u>	<u>21,935</u>
Fund Balance - June 30	\$ --	\$33,601,170	\$33,601,170	\$19,592,388
Operating Clearing - June 30	<u>\$ (20,245)</u>	<u>\$ --</u>	<u>\$ (20,245)</u>	<u>\$ (5,928)</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1978

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget As Adjusted	Actual	Variance	Budget As Adjusted	Actual	Variance	Budget As Adjusted	Actual	Variance
Revenues:									
Fees, Licenses, and Permits	\$444,810	\$ 316,945	\$(127,865)	\$40,892,893	\$46,446,469	\$ 5,553,576	\$41,337,703	\$46,763,414	\$ 5,425,711
Income from Surplus Money	--	--	--	1,539,458	1,924,791	385,333	1,539,458	1,924,791	385,333
Investment Fund	220	2,209	1,989	--	195,278	195,278	220	197,487	197,267
Miscellaneous Revenues	--	--	--	--	--	--	--	--	--
Total Revenues	445,030	319,154	(125,876)	42,432,351	48,566,538	6,134,187	42,877,381	48,885,692	6,008,311
Other Financing Sources:									
Support Appropriations	447,186	376,844	(70,342)	--	--	--	447,186	376,844	(70,342)
Reimbursements	--	--	--	4,212,140	3,231,346	(980,794)	4,212,140	3,231,346	(980,794)
Prior Year Adjustments	--	--	--	--	305,902	305,902	--	305,902	305,902
Total Sources	892,216	695,998	(196,218)	46,644,491	52,103,786	5,459,295	47,536,707	52,799,784	5,263,077
Expenditures:									
Current:									
Personal Services	308,977	240,802	68,175	18,593,118	17,260,320	1,332,798	18,902,095	17,501,122	1,400,973
Operating Expenses and Equipment	167,446	147,653	19,793	20,479,406	19,684,795	794,611	20,646,852	19,832,448	814,404
Board of Control Claims	--	--	--	--	231	(231)	--	231	(231)
Prior Year Adjustments	--	2,966	(2,966)	--	1,149,658	(1,149,658)	--	1,152,624	(1,152,624)
Total Expenditures	476,423	391,421	85,002	39,072,524	38,095,004	977,520	39,548,947	38,486,425	1,062,522
Excess of Sources over (under) Expenditures	\$415,793	304,577	\$(111,216)	\$ 7,571,967	14,008,782	\$ 6,436,815	\$ 7,987,760	14,313,359	\$ 6,325,599
Other Financing Uses:									
Transfer of Accountability to the State Controller	--	(318,894)	318,894	--	--	--	--	(318,894)	318,894
Excess of Sources over (under) Expenditures and Other Uses	--	(14,317)	14,317	--	14,008,782	14,008,782	--	13,994,465	13,994,465
Fund Balance - July 1	--	--	--	--	19,592,388	19,592,388	--	19,592,388	19,592,388
Operating Clearing - July 1	--	(5,928)	5,928	--	--	--	--	(5,928)	5,928
Fund Balance - June 30	\$ --	\$ --	\$ --	\$ --	\$33,601,170	\$33,601,170	\$ --	\$33,601,170	\$33,601,170
Operating Clearing - June 30	--	(20,245)	20,245	--	--	--	--	(20,245)	20,245

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
INTERNAL SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Operating Revenues:		
Income from Surplus Money		
Investment Fund	\$ 89,878	\$ 51,104
Assessments	4,957,745	5,192,546
Rent	1,291,716	1,214,534
Miscellaneous Income	<u>3,721</u>	<u>25,660</u>
Total Operating Revenues	6,343,060	6,483,844
Non-Operating Revenues:		
Transfers from General Fund	1,018,752	897,784
Reimbursements	<u>2,357,122</u>	<u>1,566,833</u>
Total Operating Sources	<u>9,718,934</u>	<u>8,948,461</u>
Operating Expenses:		
Personal Services	5,287,886	4,920,143
Operating Expenses and Equipment	4,051,550	4,009,518
Prior Year Adjustments	<u>466,037</u>	<u>376,177</u>
Total Operating Expenses	<u>9,805,473</u>	<u>9,305,838</u>
Net Loss	(86,539)	(357,377)
Retained Earnings - July 1	<u>459,293</u>	<u>816,670</u>
Retained Earnings - June 30	<u>\$ 372,754</u>	<u>\$ 459,293</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
STATEMENT OF CHANGES IN FINANCIAL POSITION -
PROPRIETARY FUND TYPE
INTERNAL SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Uses of Working Capital:		
Operations:		
Net loss	\$ (86,539)	\$ (357,377)
Net Decrease in Working Capital	<u>\$ (86,539)</u>	<u>\$ (357,377)</u>
Elements of Net Increase (Decrease) in Working Capital:		
Cash	\$ 26,517	\$ 86,798
Deposits in Surplus Money		
Investment Fund	129,000	(1,248,000)
Receivables (Net of Allowance)	(53,427)	481,844
Due from Surplus Money Investment Fund	12,594	(46,345)
Due from Other Funds	(927,008)	1,086,962
Expense Advances to Employees	20,256	1,623
Accounts Payable	176,758	(271,015)
Due to Other Funds	473,351	(378,213)
Reimbursements Received in Advance	58,541	(70,000)
Uncleared Collections	<u>(3,121)</u>	<u>(1,031)</u>
Net (Decrease) in Working Capital	<u>\$ (86,539)</u>	<u>\$ (357,377)</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
SPECIAL DEPOSIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1978

	<u>Balance July 1, 1977</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1978</u>
<u>ASSETS</u>				
Cash	\$ 149,430	\$ 31,682	\$ --	\$ 181,112
Securities and Other Properties Held in Trust	<u>17,956,795</u>	<u>2,133,147</u>	<u>2,539,804</u>	<u>17,550,138</u>
Total Assets	<u>\$18,106,225</u>	<u>\$2,164,829</u>	<u>\$2,539,804</u>	<u>\$17,731,250</u>
<u>LIABILITIES</u>				
Due to Depositors and Others	<u>\$18,106,225</u>	<u>\$2,164,829</u>	<u>\$2,539,804</u>	<u>\$17,731,250</u>

The notes to the financial statement are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the Department of Consumer Affairs. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into Governmental Fund Types, a Proprietary Fund Type, a Fiduciary Fund Type, and an Account Group. The Department of Consumer Affairs accounts for only its portion of the three fund type categories. The State Controller maintains the central accounts for all state funds and annually publishes consolidated fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. The General Fund and Special Revenue Funds are the Governmental Fund Types in the Department of Consumer Affairs.

General Fund

This fund includes all financial resources not accounted for in another fund. There are two General Fund agencies in the department.

Special Revenue Funds

These funds are used to account for specific revenues and operating expenditures earmarked for the registration and regulation of professional or occupational groups. There are 39 special revenue funds in the department.

The Governmental Fund Types are maintained on the modified accrual basis of accounting. Some of the more significant elements include:

Income

Throughout the fiscal year all income, except certain reimbursements which are recorded when billed, is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures against budget appropriations including encumbrances outstanding for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees are members of the Public Employees' Retirement System (PERS), which is a defined benefit, contributory retirement plan. The amount the department and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totalled \$2,523,884.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when benefits are used rather than when they are earned.

PROPRIETARY FUND TYPE

The Proprietary Fund Types are used to account for measurements of net income and capital maintenance within a government's organizations and activities. These fund types resemble those often found in the private sector.

Included in this category are Internal Service Funds. The Internal Service Fund for the department is the Consumer Affairs Fund.

Consumer Affairs Fund

This fund is used to account for the financing of central operations and board expenditures (excluding payrolls) on a cost reimbursement basis.

The Proprietary Fund Type is maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses, except for depreciation are recognized in the period incurred. The department does not record depreciation on fixed assets, rather they record the expenses for fixed assets at the time of acquisition.

FIDUCIARY FUND TYPE

Fiduciary Fund Types are used to account for assets held by a governmental unit in a trustee capacity. Included in this category are Agency Funds. The Agency Fund for the Department of Consumer Affairs is used to account for monies, bonds, and certificates of deposit held by the State Treasurer for various licensees who are required to make deposits in accordance with various laws and regulations.

ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$672,595 during the fiscal year.

2. BUDGETED REVENUES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for revenues and detailed expenditure accounts reflect the Governor's Budget after allowing for adjustments by the budget act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. DEPOSITS IN SURPLUS
MONEY INVESTMENT FUND

This account shows the amount of the agency's money in the Surplus Money Investment Fund. The Surplus Money Investment Fund is used to account for the monies that have been transferred for investment purposes. All earnings derived from investments of the fund are apportioned to the contributing funds. Interest due from the Surplus Money Investment Fund is accrued at June 30.

4. ALLOWANCE FOR
DEFERRED RECEIVABLES

This account reflects the amount of receivables that are not expected to be collected within the next fiscal year. Students enrolled in a medical loan program owe \$233,731 of the \$250,157 account balance to the Board of Medical Quality Assurance as of June 30, 1978. Under this loan program, the board is authorized to grant loans to California residents enrolled in medical education programs. Since 1971, the board has granted 150 loans totalling \$284,400. Only a portion of these loans has been repaid. The board, however, has recently developed a program to facilitate loan collections.

5. DUE FROM OTHER FUNDS/
DUE TO OTHER FUNDS

The amounts in these two accounts are primarily (1) owed to the Consumer Affairs Fund by the various other departmental funds, or (2) owed by the Consumer Affairs Fund to the various other departmental funds. In the first instance, a board owes money to the Consumer Affairs Fund when its share of costs for central operations and board expenditures has exceeded its advance payment. By contrast, the Consumer Affairs Fund owes money to departmental funds when a board's advance payment exceeds its share of costs for central operations and board expenditures.

6. DUE TO DEPOSITORS AND OTHERS

This account represents the amount of monies, bonds, and certificates of deposit the State Treasurer holds for various licensees who are legally required to make deposits. Of the \$17,725,572 due at June 30, 1978, \$16,614,054 is due to depositors licensed by the Contractors' State License Board.

7. PRIOR YEAR ADJUSTMENTS

These accounts show the difference between the net amount of revenue, expenditures, abatements, and reimbursements accrued as of the previous June 30, and the actual amount of revenue, expenditures, abatements, and reimbursements obtained during the current fiscal year.

8. ASSESSMENTS

The costs of administrative services are paid from the Consumer Affairs Fund. These costs are reimbursed to the fund by a pro rata charge to the boards' special funds based upon a ratio of each board's total expenditures to all boards' total expenditures.

9. OPERATING CLEARING

The account balance at June 30 represents a clearing account between the General Fund and the State Controller.

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

COMBINING FINANCIAL STATEMENTS

COMBINING BALANCE SHEET--ALL GENERAL FUND
AGENCIES

COMBINING BALANCE SHEET--ALL SPECIAL
REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN OPERATING CLEARING--ALL GENERAL
FUND AGENCIES

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE--ALL SPECIAL
REVENUE FUNDS

DEPARTMENT OF CONSUMER AFFAIRS

COMBINING BALANCE SHEET
ALL GENERAL FUND AGENCIES

JUNE 30, 1978
(With Unaudited Totals for 1977)

ASSETS	Board of Guide Dogs for the Blind	Athletic Commission	Totals	
			June 30, 1978	June 30, 1977
Cash	\$ --	\$ 5,319	\$ 5,319	\$ 5,028
Receivables	--	50	50	11
Allowance for Deferred Receivables	--	(50)	(50)	--
Due from Other Funds	--	21,025	21,025	151
Expense Advances to Employees	80	2,537	2,617	--
Total Assets	\$ 80	\$ 28,881	\$ 28,961	\$ 5,190
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND OPERATING CLEARING				
Liabilities:				
Accounts Payable	\$ 1,404	\$ 39,944	\$ 41,348	\$ 6,708
Due to Other Funds	193	1,101	1,294	3,345
Uncleared Collections	--	10	10	--
Total Liabilities	1,597	41,055	42,652	10,053
Encumbrances Outstanding	6,070	484	6,554	1,065
Operating Clearing	(7,587)	(12,658)	(20,245)	(5,928)
Total Liabilities, Encumbrances Outstanding, and Operating Clearing	\$ 80	\$ 28,881	\$ 28,961	\$ 5,190

JUNE 30, 1978
(With Unaudited Totals for 1977)

(Continued)

DEPARTMENT OF CONSUMER AFFAIRS

COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS

(CONTINUED)

JUNE 30, 1978

(With Unaudited Totals for 1977)

ASSETS	Board of Funeral Directors and Embalmers	Board of Landscape Architects	Board of Examiners in Veterinary Medicine	Animal Health Technician Examining Committee	Cemetery Board	Bureau of Home Furnishings	Bureau of Collection and Investigative Services (Private Investigators and Adjusters)	Board of Dental Examiners	Board of Barber Examiners	Board of Behavioral Science Examiners	Board of Optometry	Certified Short-hand Reporters' Board	Structural Post Control Board	Pilot Commission
Cash	\$ 10,987	\$ 9,215	\$ 11,108	\$15,128	\$32,039	\$ 25,907	\$ 96,602	\$292,056	\$ 17,179	\$ 21,114	\$ 25,435	\$ 6,413	\$ 140,662	\$ 3,708
Deposits in Surplus Money	367,000	74,000	270,000	23,000	5,000	298,000	257,000	559,000	540,000	498,000	483,000	104,000	1,091,000	109,000
Investment Fund	1,018	985	1,104	--	927	41,875	85	--	2,919	1,192	--	1,028	2,003	--
Receivables	--	--	--	--	--	--	(05)	--	--	--	--	--	(100)	--
Allowance for Deferred	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Receivables	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Due from Surplus Money	13,255	2,136	11,367	577	1,599	18,256	5,565	2,608	21,037	17,115	15,324	4,071	31,228	3,902
Due from Investment Fund	--	--	--	1,633	--	8,084	--	2,607	12,762	12,607	13,450	3,444	3,457	2,330
Due from Other Funds	337	45	750	--	--	325	1,012	2,601	400	1,200	640	--	2,706	--
Expense Advances to Employees	--	--	--	--	--	--	--	--	--	--	--	--	--	--
TOTAL ASSETS	\$392,507	\$86,301	\$294,409	\$40,338	\$30,565	\$392,447	\$361,059	\$866,445	\$595,097	\$541,228	\$537,849	\$118,956	\$1,261,036	\$117,949
LIABILITIES, ENCUMBRANCES, OUTSTANDING, AND FUND BALANCE														
Liabilities:														
Accounts Payable	\$ 6,961	\$ 1,780	\$ 14,459	\$ 4,135	\$ 1,909	\$ 23,216	\$ 39,378	\$124,147	\$ 17,849	\$ 15,906	\$ 7,902	\$ 5,243	\$ 44,483	\$ 336
Due to Other Funds	7,050	2,925	19,049	16,720	7,704	20,344	252,500	460,606	2,732	1,204	1,191	310	7,372	254
Revenue Collected in Advance	--	--	--	--	30,165	--	--	--	--	--	--	--	156,750	--
Uncleared Collections	5	--	--	30	320	6	255	6,206	150	--	--	--	--	--
TOTAL LIABILITIES	14,016	4,705	33,508	20,885	40,098	43,626	292,213	591,039	20,731	17,190	9,043	5,553	208,605	600
Encumbrances Outstanding	--	--	--	--	679	82,355	4,524	5,125	661	1,708	5,442	270	7,629	60
Fund Balance:														
Unreserved	373,217	81,596	260,105	19,453	(1,212)	266,466	64,322	269,661	573,205	522,330	523,364	113,133	1,044,802	117,289
TOTAL FUND BALANCE	373,217	81,596	260,105	19,453	(1,212)	266,466	64,322	269,661	573,205	522,330	523,364	113,133	1,044,802	117,289
TOTAL LIABILITIES ENCUMBRANCES OUTSTANDING, AND FUND BALANCE	\$392,507	\$86,301	\$294,409	\$40,338	\$30,565	\$392,447	\$361,059	\$866,445	\$595,097	\$541,228	\$537,849	\$118,956	\$1,261,036	\$117,949

(Continued)

DEPARTMENT OF CONSUMER AFFAIRS
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 (CONTINUED)
 JUNE 30, 1978
 (With Unaudited Totals for 1977)

ASSETS	Bureau of Collection and Investigative Services (Collection Agency)	Board of Vocational Nurse and Psychiatric Technician Examiners (Vocational Nurses) (Psychiatric Technicians)	Bureau of Repair Services	Bureau of Employment Agencies	Board of Registration for Geologists and Geophysicists	Nurses Registry	Board of Examiners of Nursing Home Administrators	Hearing Aid Dispensers Examining Committee	Speech Pathology and Audiology Examining Committee	Bureau of Automotive Repair	Bureau of Tax Preparers
Cash	\$13,015	\$ 77,723	\$ 72,516	\$ 22,022	\$ 25,110	\$ 5,740	\$ 52,765	\$ 9,065	\$ 5,028	\$ 233,208	\$ 10,333
Deposits in Surplus Money Investment Fund	24,000	138,000	610,000	505,000	212,000	30,000	147,000	21,000	274,000	2,594,000	800,000
Accounts Receivable	1,857	4,531	--	--	830	552	952	740	--	580,000	7,006
Allowance for Deferred Accounts Receivable	--	--	--	--	--	--	--	--	--	(2,007)	--
Due from Surplus Money Investment Fund	330	5,364	18,608	12,158	5,344	974	2,977	1,539	9,544	64,360	33,666
Due from Other Funds	--	--	20,045	15,050	6,217	--	6,928	1,173	4,611	65,433	675
Expense Advances to Employees	1,363	230	2,200	1,905	--	--	--	--	--	5,716	--
TOTAL ASSETS	\$40,565	\$185,848	\$773,360	\$552,035	\$249,110	\$37,266	\$210,622	\$34,326	\$293,273	\$3,561,756	\$950,730
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE											
Liabilities:											
Accounts Payable	\$ 6,516	\$ 42,588	\$ 19,160	\$ 7,879	\$ 3,893	\$ 603	\$ 11,642	\$ 9,656	\$ 4,075	\$ 387,108	\$ 8,667
Due to Other Funds	22,192	133,632	1,985	1,197	145	208	807	978	--	81,007	11,609
Revenue Collected in Advance	--	--	335,070	--	111,463	--	164,000	--	--	--	--
Uncleared Collections	134	68	--	--	--	--	--	--	60	2,688	--
TOTAL LIABILITIES	28,842	176,288	366,215	9,066	115,501	811	177,340	10,634	4,135	470,803	20,276
Encumbrances Outstanding	1,840	3,448	8,066	801	382	31	715	102	160	52,013	1,800
Fund Balance:											
Unreserved	9,874	6,112	360,088	547,168	133,227	36,424	32,558	23,500	280,640	2,018,040	937,654
TOTAL FUND BALANCE	9,874	6,112	360,088	547,168	133,227	36,424	32,558	23,500	280,640	2,018,040	937,654
TOTAL LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE	\$40,565	\$185,848	\$773,360	\$552,035	\$249,110	\$37,266	\$210,622	\$34,326	\$293,273	\$3,561,756	\$950,730

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN OPERATING CLEARING
ALL GENERAL FUND AGENCIES

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	Athletic Commission	State Board of Guide Dogs for the Blind	Totals	
			June 30, 1978	June 30, 1977
Revenues:				
Fees, Licenses, and Permits	\$ 316,785	\$ 160	\$ 316,945	\$ 336,928
Miscellaneous Revenues	<u>2,209</u>	<u>--</u>	<u>2,209</u>	<u>4,088</u>
Total Revenues	318,994	160	319,154	341,016
Other Financing Sources:				
Support Appropriation	366,881	9,963	376,844	354,677
Prior Year Adjustments	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,792</u>
Total Sources	<u>685,875</u>	<u>10,123</u>	<u>695,998</u>	<u>699,485</u>
Expenditures:				
Personal Services	237,279	3,523	240,802	244,531
Operating Expenses and Equipment	136,424	11,229	147,653	106,033
Prior Year Adjustments	<u>1,842</u>	<u>1,124</u>	<u>2,966</u>	<u>--</u>
Total Expenditures	<u>375,545</u>	<u>15,876</u>	<u>391,421</u>	<u>350,564</u>
Excess of Sources over (under) Expenditures	<u>310,330</u>	<u>(5,753)</u>	<u>304,577</u>	<u>348,921</u>
Other Financing Uses:				
Transfer of Accountability to the State Controller	<u>(318,733)</u>	<u>(161)</u>	<u>(318,894)</u>	<u>(376,784)</u>
Excess of Sources over (under) Expenditures and Other Uses	(8,403)	(5,914)	(14,317)	(27,863)
Operating Clearing - July 1	<u>(4,255)</u>	<u>(1,673)</u>	<u>(5,928)</u>	<u>21,935</u>
Operating Clearing - June 30	<u>\$ (12,658)</u>	<u>\$ (7,587)</u>	<u>\$ (20,245)</u>	<u>\$ (5,928)</u>

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATE OF REVENUES, EXPENDITURES
AND FINANCING SOURCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Totals for 1977)

	T O T A L S		Board of Registration for Professional Engineers	Board of Cosmetology	Board of Public Care	Physical Therapy Examining Committee	Board of Medical Quality Assurance	Physicians' Assistants	Acupuncture Advisory Committee	Board of Accountancy	Contractors' State License Board	Board of Registered Construction Inspectors	Board of Registered Nurses	Board of Pharmacy	Board of Architectural Examiners	Board of Funeral Directors and Embalmers
Revenues:																
Fees, Licenses, and Permits	\$75,096,531	\$46,446,469	\$1,905,982	\$ 683,706	\$ 78,220	\$25,932	\$11,377,744	\$176,462	\$60,836	\$612,040	\$14,053,573	\$ 480	\$1,734,921	\$1,096,446	\$681,136	\$332,285
Income From Surplus Money																
Investment Fund	1,368,291	1,924,791	182,501	91,516	47,775	19,714	291,000	3,175	5,362	32,267	587,494	3,174	17,194	48,860	35,520	21,023
Miscellaneous Income	149,837	195,278	3,517	1,721	199	44	9,290	12	200	11,618	50,912	--	11,603	16,728	396	23
Total Revenues	76,614,659	48,566,538	2,092,000	776,943	126,194	245,740	11,678,034	129,649	66,398	655,915	14,699,979	3,604	1,763,798	1,164,034	717,052	353,331
Other Financing Sources:																
Reimbursements	2,602,684	3,231,346	--	--	--	--	219,079	--	--	--	125	--	--	43,046	--	56
Prior Year Adjustments	2,275	305,902	30	711	11,652	--	--	60	--	747	91,688	--	88,007	189	15,524	10,562
Total Sources	79,219,618	52,103,786	2,092,030	777,654	138,156	245,740	11,897,113	129,709	66,398	656,662	14,791,792	3,604	1,851,805	1,207,269	732,576	363,949
Expenditures:																
Personal Services	14,555,192	17,260,370	795,221	501,213	136,801	65,051	2,811,946	27,982	70,771	297,609	4,553,352	--	695,053	595,050	119,040	166,841
Operating Expenses and Equipment	17,740,656	19,684,795	572,786	853,161	304,933	87,901	4,051,649	19,023	53,144	702,763	2,689,061	--	1,120,571	550,469	199,051	115,107
Board of Control Claims	999	231	--	--	--	--	--	--	--	50	--	--	--	--	--	--
Prior Year Adjustments	(563,170)	1,149,658	7,275	3,116	--	9,527	37,895	2,674	17,881	--	--	2,517	--	15,414	--	--
Total Expenditures	31,733,677	38,095,004	1,375,282	1,357,490	441,734	154,479	6,901,400	50,679	91,796	1,000,502	7,242,413	2,517	1,815,624	1,161,733	317,091	281,948
Excess of Sources Over (Under) Expenditures	(2,514,059)	14,008,782	716,748	(579,836)	(303,578)	89,261	4,995,713	79,230	(25,398)	(343,840)	7,549,379	1,087	36,101	45,536	415,485	87,001
Fund Balances--July 1	22,106,447	19,592,388	2,202,398	1,692,029	849,866	298,459	3,600,998	29,754	94,464	506,466	697,496	20,324	328,386	734,598	147,000	291,216
Fund Balances--June 30	\$19,592,388	\$33,601,170	\$2,919,146	\$1,112,192	\$546,288	\$386,420	\$8,595,711	\$109,094	\$69,066	\$162,626	\$9,246,875	\$71,411	\$ 364,567	\$ 780,134	\$562,895	\$373,217

(Continued)

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1973
(With Unaudited Totals for 1977)

	Board of Landscape Architects	Board of Examiners in Veterinary Medicine	Animal Health Technician Examining Committee	Cemetery Board	Bureau of Furnishings	Bureau of Collection and Investigative Services (Private Investigators and Adjustors)	Board of Dental Examiners	Board of Barber Examiners	Board of Behavioral Science Examiners	Board of Optometry	Certified Shorthand Reporters' Board	Structural Pest Control Board	Pilot Commission	Bureau of Collection and Investigative Services (Collection Agency)
Revenues:														
Fees, Licenses, and Permits	\$143,155	\$427,572	\$55,895	\$156,280	\$ 86,530	\$646,229	\$1,481,138	\$699,008	\$391,640	\$410,266	\$ 43,360	\$1,560,448	\$ 36,057	\$272,744
Income From Surplus Money	2,136	19,860	1,014	2,178	43,172	8,005	5,076	38,060	23,601	22,136	7,168	53,000	7,243	2,574
Investment Fund	--	5	--	59	27	1,948	2,206	320	81	189	116	22,346	294	474
Miscellaneous Income	145,291	447,437	56,909	158,517	129,729	656,982	1,488,420	737,388	415,322	432,591	50,644	1,635,794	43,594	275,792
Total Revenues	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Financing Sources:														
Reimbursements	1,489	5,828	2,458	--	43,773	176,248	550	6,379	--	1,494	--	3,714	5,614	54,672
Prior Year Adjustments	146,780	5,064	595	--	7,078	1,367	--	743,767	34	--	779	--	49,208	5,728
Total Sources	31,483	70,844	14,260	90,239	333,504	256,085	370,254	218,578	138,367	75,389	48,790	362,020	25,691	110,109
Expenditures:														
Personal Services	41,682	192,944	22,955	51,958	507,731	507,376	781,795	294,728	98,527	101,898	30,400	733,928	14,377	144,415
Operating Expenses and Equipment	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Board of Control Claims	--	--	--	720	--	10,212	7,178	--	730	410	--	--	--	--
Prior Year Adjustments	73,165	263,788	37,215	142,917	841,235	773,673	1,159,227	513,306	237,624	177,697	79,190	1,095,948	40,068	254,524
Total Expenditures	73,615	194,541	22,747	15,600	(660,655)	60,924	329,743	230,461	177,732	256,388	(27,767)	543,560	9,140	81,668
Excess of Sources Over (under) Expenditures	7,971	65,564	(3,294)	(16,812)	927,121	3,398	(60,062)	343,244	344,598	266,976	140,900	501,242	108,149	(71,794)
Fund Balances--July 1	\$ 81,586	\$260,105	\$19,453	\$ (1,212)	\$266,466	\$ 64,322	\$ 269,681	\$573,705	\$522,330	\$523,364	\$113,133	\$1,044,802	\$117,289	\$ 9,874
Fund Balances--June 30	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Continued)

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Totals for 1977)

	Board of Vocational Nurse and Psychiatric Technician Examiners (Vocational Nurses)	Board of Vocational Nurse and Psychiatric Technician Examiners (Psychiatric Technicians)	Bureau of Repair Services	Bureau of Employment Agencies	Board of Registration for Geologists and Geophysicists	Nurses Registry	Board of Examiners of Nursing Home Administrators	Hearing Aid Dispensers Examining Committee	Speech Pathology and Audiology Examining Committee	Bureau of Automotive Repair	Bureau of Tax Preparers
Revenues:											
Fees, Licenses, and Permits	\$85,162	\$204,002	\$514,375	\$535,563	\$ 8,097	\$22,625	\$ 34,792	\$79,185	\$181,702	\$4,445,603	\$185,158
Income from Surplus Money			41,003	19,061	10,865	1,653	6,901	2,230	14,699	129,290	61,767
Investment Fund	6,700	8,074	660	622	5	111	159	2	--	48,513	57
Miscellaneous Income	862,585	212,094	556,038	555,246	18,967	24,389	41,852	81,417	196,481	4,623,406	246,992
Total Revenues											
Other Financing Sources:											
Reimbursements	30,792	1,859	5,823	3,300	--	--	--	1,090	14,804	2,605,267	21,082
Prior Year Adjustments	22,787	--	10,677	4,517	1,482	337	5,304	--	--	--	3,477
Total Sources											
Expenditures:											
Personal Services	420,684	80,984	323,987	124,110	54,677	--	60,660	16,972	60,172	3,091,596	95,065
Operating Expenses	583,129	150,414	337,926	162,384	37,519	16,935	109,552	72,971	42,739	3,150,727	180,766
Equipment	--	--	--	--	--	--	--	--	102	1,024,776	--
Board of Control Claims	--	2,240	--	--	--	--	--	6,681	--	--	--
Prior Year Adjustments	--	--	--	--	--	--	--	96,624	103,013	7,267,270	275,831
Total Expenditures	1,003,813	233,638	661,913	286,494	92,196	16,935	170,212	184,567	265,917	14,524,369	451,662
Excess of Sources	(87,649)	(19,685)	(89,375)	276,569	(71,747)	7,791	(123,056)	(14,117)	108,272	(38,597)	(4,290)
Over (Under) Expenditures											
Fund Balances--July 1	93,761	121,915	448,463	270,599	204,974	28,633	155,614	37,617	181,177	3,056,637	941,944
Fund Balances--June 30	\$6,112	\$102,230	\$359,088	\$547,168	\$133,227	\$36,424	\$32,558	\$23,500	\$289,449	\$3,018,040	\$937,654

OTHER INFORMATION

As an integral part of our examination, we reviewed the department's accounting procedures and related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the department's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the department in conjunction with certain recommended adjusting entries necessary in order to achieve compliance with generally accepted accounting principles.

The department fully concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps